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U. S. DEPT. OF AGRICULTURE
MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA

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Released Pursuant to \$1090.72(j) and \$1090.85, USDA-C&MS
Federal Order No. 90, 5916 Brainerd Road, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MARKET SUMMARY - MARCH 1968

The Chattanooga Order MINIMUM uniform producer prices per cwt. at pool plants for milk testing 3.5% butterfat are: Base Milk - \$5.81 and Excess Milk - \$3.98. The producer butterfat differential is 8.2 cents for each one-tenth of one percent above or below 3.5% test. This is a Base and Excess price increase of 27 cents and 65 cents respectively above March 1967.

In March 1968, 77.7% of the producer milk received by pool plants was priced in Class I at \$6.20 per cwt. and 22.3% was priced in Class II at \$4.02 per cwt. The March butterfat differential for Class I was 8.6 cents and Class II was 7.6 cents.

Total producer milk received during March 1968 was 18,508,679 pounds which is a decrease of 176,652 pounds or 0.9% compared with March 1967. Deliveries of producer Base milk exceeded producer milk used in Class I by 2,783,420 pounds or percentagewise only 83.8% of Base milk was used in Class I. The March daily average deliveries from 539 producers was 1,108 pounds. This compares to 562 farms delivering a daily average of 1,073 pounds per day during March 1967.

DAIRY PRICE SUPPORT AND CLASS I PRICES RAISED

Secretary of Agriculture Orville L. Freeman announced March 20, 1968 that dairy price supports will be set at 90 percent of parity for the marketing year beginning April 1. This action raises the support from \$4.00 to \$4.28 per hundredweight.

He also announced that the present Class I differentials, over the price of manufacturing milk, used in computing producer prices for fluid milk in 67 Federal Order markets will be continued through April 1969. The differentials were increased by 20 cents a hundred pounds for the period May 1, 1967, through April 1968 by amendments to the orders a year ago, after a hearing and approval by producers. He said he also is setting a floor of \$4.33 a hundred pounds of 3.5 percent milk as the basic formula price in establishing Class I prices in orders using such formula. Equivalent actions will be taken in other markets where Class I prices are established by other formulas. The decision to continue the wider differentials for another year is based on a recent hearing in Memphis at which producer groups urged such action.

He said the actions were being taken to insure adequate supplies of milk for the year ahead. Milk production in February was 3 percent below year earlier levels on a daily basis, following lower milk production levels in earlier months compared with a year ago. "Milk production in the past three years has dropped from a record level of 127 billion pounds in 1964 to 119 billion pounds in 1967. While price support increases in 1966 and higher minimum prices for fluid milk in the Federal market order areas have helped to slow the decline, they have not reversed it," the Secretary said.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% Mar. '68 over Mar. '67	Mar. 1968 11	Feb. 1968 10	Mar. 1967 9
Number of Plants (Pool and Non-Pool)				
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	- 0.9	597,054	588,571	602,753
Other Source	+ 23.8	30,334	28,186	24,493
Other Federal Orders	+ 158.3	136,378	128,992	52,794
TOTAL MILK RECEIPTS	+ 12.3	763,766	745,749	680,040
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	+ 3.3	387,294	391,184	374,822
Skim - Regular	+ 25.3	21,150	20,826	16,882
Skim - 2% Milk	+ 5.5	37,785	38,689	35,824
Buttermilk	+ 9.5	43,511	42,835	39,738
Flavored Milk and Drink	+ 14.2	12,952	12,786	11,339
Creams (Sweet and Sour)	+ 10.2	2,957	3,097	2,683
Sub-Total - Pkg. Products (Pool Plants)	+ 5.1	505,649	509,417	481,288
Other (Shrinkage, Inventory, etc.)		124	290	1,120
Sales to Non-Pool Plants		45,447	67,509	31,406
In-Area Sales by Non-Pool Plants	+ 4.6	5,290	2,693	5,058
TOTAL CLASS I MILK	+ 7.3	556,510	579,909	518,872
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	+ 25.2	44,357	33,783	35,427
Cottage Cheese	+ 3.1	35,251	33,327	34,201
Powdered and Condensed Milk		50,932	58,973	48,663
Livestock Feed and Skim Dumped		6,280	6,143	6,148
Sub-Total - Used to Produce	+ 9.9	136,820	132,226	124,439
Shrinkage Class II		10,663	7,178	11,661
Other (Inventory Variation, etc.)		16,699	(5,887)	6,160
Bulk Sales to Non-Pool Plants		43,074	32,323	18,908
TOTAL CLASS II MILK	+ 28.6	207,256	165,840	161,168
Class I Pounds in Area - Pool Plants	+ 0.5	304,468	307,300	302,948
Class I Pounds Out of Area - Pool Plants	+ 17.0	246,752	269,916	210,866
Class I Pounds in Area - Non-Pool Plants	+ 4.6	5,290	2,693	5,058
% Producer Milk of Gross Class I		107.3	101.5	116.2
% Producer Milk Priced in Class I		77.7	82.6	79.1

CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

Per \$1090.51(a) Amended	Apr. '68	Mar. '68	Apr. '67
Basic Formula	\$4.05	\$4.05	\$4.15
Plus Class I Differential 1/	1.95	1.95	1.75
Supply-Demand Adjustment	0.28	0.20	0.04
Class I Price, 3.5% Butterfat	\$6.28	\$6.20	\$5.94

APRIL 1968

Supply-Demand Comparison: 2nd and 3rd preceding months: January and February

Supply: Lbs. Producer Milk (Jan. 18,232,761 and Feb. 17,068,556) 35,301,317

Demand: Lbs. Net Class I Milk (Jan. 17,400,907 and Feb. 16,739,274) 34,140,181

Utilization Percentage: Producer milk divided by Class I 103

Standard Utilization Percentage: Range 117-121 117

Net Deviation Percentage: Utilization minus Standard Utilization Minus 14

Supply-Demand Adjustment: 2 cents x 14 percentage points Plus \$0.28

1/ Increased 20 cents - May 1967 through April 1968

COMPUTATION OF PRODUCER UNIFORM BASE AND EXCESS PRICES
AND WEIGHTED AVERAGE PRICE

MARCH 1968	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Gross Value
Gross Class I		17,251,818	3.427		
Less Other Source		2,876,423	3.187		
Producer Milk Class I	77.7	14,375,395	3.475021	\$6.178518	\$ 888,186.37
Gross Class II		6,424,924	5.042		
Less Other Source		2,291,640	3.684		
Producer Milk Class II	22.3	4,133,284	5.795706	5.764737	238,272.95
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	18,508,679	3.993267		\$1,126,459.32
Less Fractional Adjustment					.01
Add Value of Other Source Receipts					
Allocated to Class I and Location Adj.		361,357			16,418.10
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					6,211.68
TOTAL VALUE AT TEST		18,870,036	3.946935	\$6.089491	\$1,149,089.09
Less Test over 3.5% @ 8.2¢ per point		18,870,036	.446935	.366487	69,156.23
TOTAL UTILIZATION VALUE AT 3.5%		18,870,036	3.5	\$5.723004	\$1,079,932.86
Less Reserve Per \$1090.71(f)		18,870,036		.043004	
WEIGHTED AVERAGE PRICE - 3.5% TEST		18,870,036	3.5	\$5.68	
Less FMP from Unregulated Supply Plants					
Allocated to Class I @ Wt. Av. Price		361,357	3.5	\$5.68	20,525.08
TOTAL PRODUCER MILK VALUE @ 3.5% TEST		18,508,679	3.5		\$1,059,407.78
		Pounds	Price	Amount	
Excess Producer Milk Used in Class I		-	-	-	
Excess Producer Milk Used in Class II		1,349,864	\$4.02	\$54,264.54	
Total Value of Excess Milk		1,349,864	4.02	54,264.54	
Less Prod.-Settlement Fund Reserve @ 4¢		1,349,864	.04		539.95
UNIFORM EXCESS PRICE - 3.5% TEST		1,349,864	\$3.98		\$ 53,724.59
Total Value of Base Milk		17,158,815	5.857883		1,005,143.24
Less Producer-Settlement Fund Reserve		17,158,815	.047883		8,216.16
UNIFORM BASE PRICE - 3.5% TEST		17,158,815	\$5.81		\$ 996,927.08

MARCH 1968 MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 8.2¢ PER POINT (EXCLUDES PREMIUMS)

TEST %	PRICES		TEST %	PRICES		TEST %	PRICES	
	BASE	EXCESS		BASE	EXCESS		BASE	EXCESS
3.0	\$5.40	\$3.57	4.0	\$6.22	\$4.39	5.0	\$7.04	\$5.21
3.05	5.441	3.611	4.05	6.261	4.431	5.05	7.081	5.251
3.1	5.482	3.652	4.1	6.302	4.472	5.1	7.122	5.292
3.15	5.523	3.693	4.15	6.343	4.513	5.15	7.163	5.333
3.2	5.564	3.734	4.2	6.384	4.554	5.2	7.204	5.374
3.25	5.605	3.775	4.25	6.425	4.595	5.25	7.245	5.415
3.3	5.646	3.816	4.3	6.466	4.636	5.3	7.286	5.456
3.35	5.687	3.857	4.35	6.507	4.677	5.35	7.327	5.497
3.4	5.728	3.898	4.4	6.548	4.718	5.4	7.368	5.538
3.45	5.769	3.939	4.45	6.589	4.759	5.45	7.409	5.579
3.5	5.81	3.98	4.5	6.63	4.80	5.5	7.45	5.62
3.55	5.851	4.021	4.55	6.671	4.841	5.55	7.491	5.661
3.6	5.892	4.062	4.6	6.712	4.882	5.6	7.532	5.702
3.65	5.933	4.103	4.65	6.753	4.923	5.65	7.573	5.743
3.7	5.974	4.144	4.7	6.794	4.964	5.7	7.614	5.784
3.75	6.015	4.185	4.75	6.835	5.005	5.75	7.655	5.825
3.8	6.056	4.226	4.8	6.876	5.046	5.8	7.696	5.866
3.85	6.097	4.267	4.85	6.917	5.087	5.85	7.737	5.907
3.9	6.138	4.308	4.9	6.958	5.128	5.9	7.778	5.948
3.95	6.179	4.349	4.95	6.999	5.169	5.95	7.819	5.989

CHATTANOOGA ORDER MILK PRICES (3.5 PERCENT MILK)

Date	PRODUCER UNIFORM PRICES 1/				HANDLER CLASS PRICES 1/			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Mar.'67	\$5.36 2/	\$5.54	\$3.33	8.2¢	\$5.92	8.6¢	\$3.37	7.6¢
Apr.	5.19 2/	5.45	3.31	8.2	5.94	8.6	3.35	7.6
May	5.33 2/	5.54	3.32	8.2	6.00	8.6	3.36	7.6
June	5.47 2/	5.68	3.33	8.2	6.16	8.6	3.37	7.6
July	5.56 2/	5.76	3.33	8.2	6.24	8.6	3.37	7.6
Aug.	5.67	-	-	8.4	6.24	8.6	3.97	7.7
Sept.	5.71	-	-	8.4	6.16	8.7	3.97	7.7
Oct.	5.63	-	-	8.4	5.98	8.7	3.98	7.7
Nov.	5.57	-	-	8.4	5.98	8.7	4.00	7.6
Dec.	5.65	-	-	8.4	6.14	8.6	4.04	7.8
Jan.'68	5.73	-	-	8.4	6.20	8.8	4.01	7.6
Feb.	5.77	-	-	8.4	6.20	8.6	4.00	7.6
Mar.	5.68 2/	5.81	3.98	8.2	6.20	8.6	4.02	7.6
Apr.	-	-	-	-	6.28	8.6	-	-

Date	PRICE QUOTATIONS				PRODUCER MILK USE (Daily Average)			
	Chi.92° Butter	Minn/Wisc Mfg. Milk	Chi.Area Powder	Basic Formula 4/	Class I		Class II	
	¢ Lb.	\$-cwt-3.5%	¢ Lb.	\$-cwt-3.5%	Pounds	Test-%	Pounds	Test-%
Mar.'67	66.46	4.01	19.48	4.15	477,073	3.49	125,680	6.04
Apr.	66.45	3.98	19.47	4.05	463,179	3.50	180,580	4.97
May	66.47	3.96	19.44	4.05	458,593	3.51	152,870	5.28
June	66.47	3.96	19.47	4.05	444,378	3.46	140,548	5.30
July	66.47	3.95	19.46	4.05	427,640	3.50	128,838	5.27
Aug.	67.07	3.97	19.46	4.05	427,213	3.49	135,298	5.13
Sept.	67.13	3.97	19.37	4.05	482,438	3.47	113,367	5.97
Oct.	66.59	3.98	19.42	4.05	493,777	3.58	96,943	6.71
Nov.	66.48	4.00	19.50	4.05	470,450	3.57	109,481	6.66
Dec.	67.69	4.04	19.46	4.05	456,371	3.49	128,470	6.37
Jan.'68	66.44	4.01	19.42	4.05	476,833	3.58	111,321	6.73
Feb.	66.44	4.00	19.46	4.05	486,051	3.55	102,520	6.64
Mar.	66.44	4.02	19.49	4.05	463,722	3.48	133,332	5.80

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA				Deliveries Per		
	No.	Total	Class I	No.	Total	Base	Average	Farm-----Pounds		
	Hdlrs.	Receipt	Use	Prod.	Delivery	Delivery	Test-%	Prod.	Base	Exc.
Mar.'67	9	680,040	518,872	562	602,753	554,123	4.02	1,073	986	87
Apr.	9	721,150	500,924	555	643,759	566,415	3.91	1,160	1,021	139
May	9	686,775	497,821	552	611,463	553,010	3.96	1,108	1,002	106
June	8	674,624	483,482	552	584,926	533,490	3.90	1,060	967	93
July	8	625,871	467,337	549	556,478	510,262	3.91	1,014	930	84
Aug.	8	627,993	469,524	548	562,511	-	3.88	1,026	-	-
Sept.	9	688,881	539,805	551	595,805	-	3.95	1,081	-	-
Oct.	9	717,502	575,169	550	590,720	-	4.09	1,074	-	-
Nov.	9	718,857	554,957	549	579,931	-	4.16	1,056	-	-
Dec.	9	721,913	535,531	548	584,841	-	4.12	1,067	-	-
Jan.'68	9	729,565	562,990	546	588,154	-	4.18	1,077	-	-
Feb.	10	745,749	579,909	541	588,571	-	4.08	1,088	-	-
Mar.	11	763,766	556,510	539	597,054	553,510	3.99	1,108	1,027	81

1/ Excludes Premiums

2/ Weighted Average Price

3/ Other Source is Gross minus Producer; Class II is receipts minus Class I

4/ Basic Formula "floor" per Order Amendments